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BUREAU OF
AGRICULTURAL ECONOMICS
U.S. DEPT. OF AGRICULTURE
PILLARS OF PLENTY⁴³

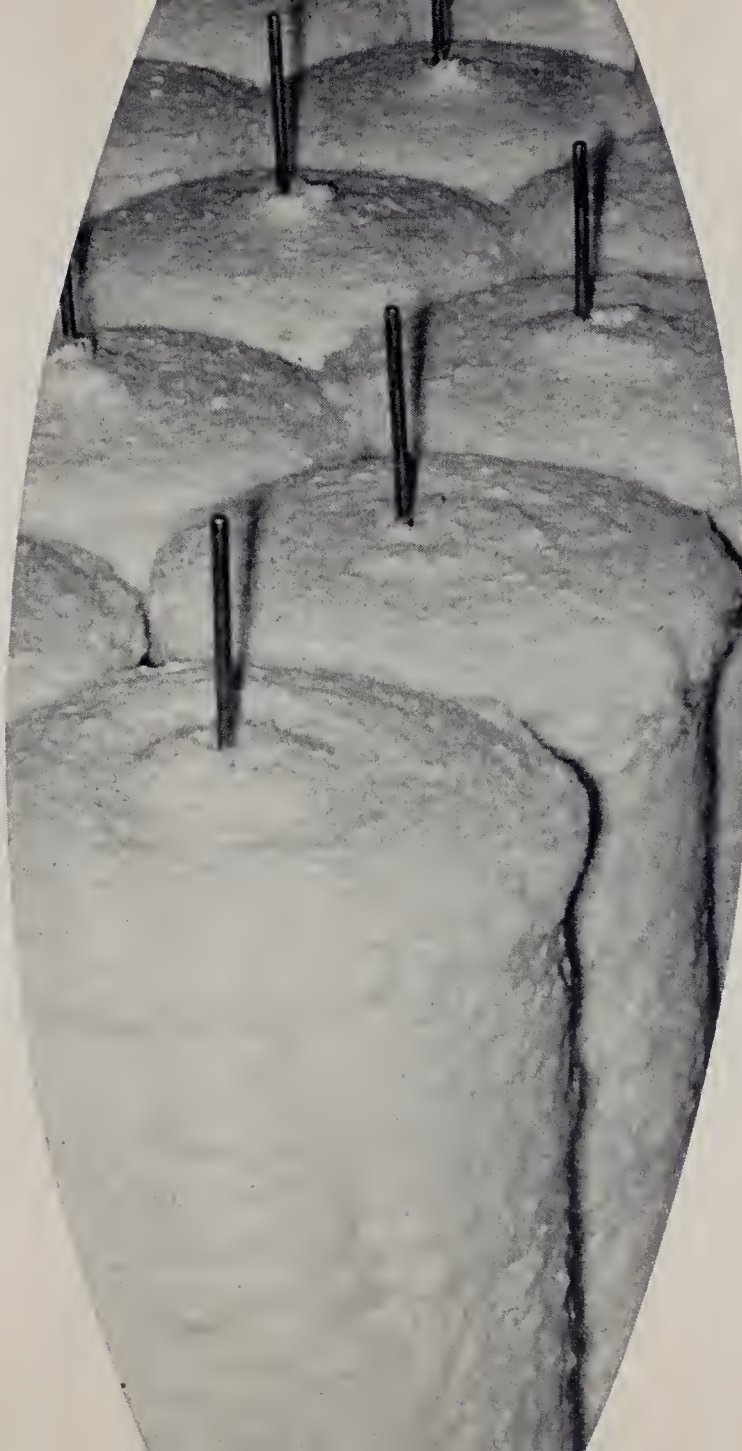
COTTON is the foundation on which the pillars of income are built for every tenant, sharecropper, or landowner whose daily living depends chiefly on that crop.

Year in, year out, those pillars of income remained unshaken in good crop years, or crumbled in years of disaster and crop failure. From the standpoint of cotton income, the farmer rose or fell with his crop yield and the price he received for that crop. Some years cotton turned out well. In other years the crop was poor.



SUCH unexpected failures caused untold hardships for thousands of growers. Over a period of years, however, it was found a farmer would have enough cotton to make a living, if the entire production for a given farm during all of that time could be evenly divided over those years. If, for example, a farmer could use some of his crop in good years to buy insurance against poor crop years in the future, that cotton could be returned to him in those years when his crop failed.

A PLAN that will do just that for every cotton grower has been put into operation by the United States Department of Agriculture. It is the cotton crop-insurance program of the Federal Crop Insurance Corporation—a program of protection that will guarantee you cotton lint production; it also protects you against cottonseed losses. Now every farmer can be assured of cotton income **EVERY YEAR**. This cotton crop-insurance plan is part of the Ever-Normal Granary Program.



THE FARM PROGRAM has made parity payments possible. It has provided conservation payments to finance soil building; marketing quotas and cotton loans for **PRICE** security. Now it has made possible **GUARANTEED** cotton production every year with cotton crop insurance for **YIELD** security! You can plant cotton when you have insurance and **KNOW** you will have some cotton. To keep your pillars of cotton income intact every year, cotton insurance will:



1 Protect you from crop loss caused by all unavoidable hazards, such as boll weevils and other insects, drought, frost, flood, storm and plant disease.

2 Guarantee you a fixed cotton yield every year on which you can obtain a loan if cotton loans are available.

3 Help you win security for yourself and your family.

Give you a new source of credit. The crop-insurance contract can be assigned as collateral for loans.

4

Assure cotton income to help meet current household and farming expenses, taxes, interest, and payment on debts.

5

Make it profitable for you to build up the soil, whether you own or rent.

6



CROP INSURANCE is written each year. The application for insurance must be made before the planting is begun. In no case can you get insurance after the final dates set for your State. These dates are: Alabama, March 1 and 15; Arizona, March 1; Arkansas, March 15; California, March 1; Florida, March 1; Georgia, March 1 and 15; Illinois, March 31; Kansas, March 31; Kentucky, March 31; Louisiana, March 1; Mississippi, March 1 and 15; Missouri, March 31; New Mexico, March 1 and 31; North Carolina, March 15; Oklahoma, March 15 and 31; South Carolina, March 15; Tennessee, March 15; Texas, January 31, March 1, 15, and 31; Virginia, March 15. Your local Agricultural Adjustment Administration committee will write cotton insurance on your crop whether you own your farm, rent it, or sharecrop it.

However, you must insure all the farms in the county on which you have an interest in the cotton crop if you take crop insurance. You will have to sign only one application, regardless of the number of farms you insure, if the farms are all located in the same county. Remember, too, that you can insure your part of the crop, even if someone else has an interest in it and does not insure his share.





IN OTHER WORDS, if land is farmed on a crop-share basis, the tenant can insure his share of the crop even if the landlord does not. The landlord, too, can insure his share even if the tenant does not. Or both can insure their share of the crop.

Another feature of the crop-insurance plan is that the insurance is automatically transferred with sale of the crop. That is, the owner of the crop at the time of beginning of harvest receives the benefit of the insurance unless a total loss occurs earlier, in which case the person having the insured interest in the crop at the time of loss would be indemnified. This helps the man who sells his cotton farm, because it assures him a part payment on the installment, since the buyer is guaranteed some cotton to sell. It helps the buyer because insurance guarantees him some cotton to sell with which to meet his installment on a newly purchased farm. Crop insurance protects you from crop loss until the cotton reaches the gin yard, but in no case longer than January 21 of the year following planting.

CROP INSURANCE is all-risk. You can insure your farm for either 50 percent or 75 percent of its average yield in pounds of cotton lint. Your farm, or the land you farm, determines how much cotton you can be guaranteed and how much that protection will cost. Average yields are figured for each individual farm. These yields are based on your production for past years.



YOUR PREMIUM reflects the degree of risk the Government takes in guaranteeing you the amount of lint cotton you are assured under a crop-insurance contract. Your farm, or the land you farm, determines how much you will have to pay for your insurance protection, for premiums are based on crop losses you have had in past years. You pay only one charge for protection against ALL risks!



CROP LOSSES on insured farms are paid promptly. If a total loss occurs, the field is inspected and a settlement made. If a partial loss occurs, settlement is postponed until the crop is picked, so both the farmer and the Corporation may know definitely whether a loss had occurred and how much should be paid. For example, if your coverage guaranteed you a total production of 500

pounds, and you picked only 300 pounds, you would be paid the difference between your guaranteed production and your actual production, or 200 pounds of cotton. This will be increased by 19 percent to pay for cottonseed loss.

Since your crop is insured on a lint-pound basis, losses will be settled on the same basis.





IF YOU INSURE your cotton crop and suffer a loss, you will receive a loss payment in the form of a certificate of indemnity. This certificate may be used in one of several ways. If you want cash, you can return it to the Corporation and ask for payment. The amount you receive will be determined by the price of cotton the day the request for payment is received in the branch office of the Corporation.

Perhaps you want a cotton loan. Then you turn this

certificate over to the Commodity Credit Corporation, receiving a loan, if loans are available, on the amount of cotton represented by the certificate.

You must practice good farming in planting, cultivating, and picking your crop. You must take every means that you can to protect it from damage. If this is not done, you might not get the full value of your all-risk crop insurance.

IF YOU want to insure your cotton crop, see your local AAA committee NOW. There you can sign your application and commodity note, which is a part of the application. The application states the number of acres you plan to insure, the amount of cotton you are guaranteed, and how much you must pay for the insurance. The commodity note in the application is your means of paying for your insurance. It doesn't take ready cash to get insurance. The commodity note is your guarantee of

that. It also is the guarantee of the Federal Crop Insurance Corporation that you will pay your premium.

When you sign your application and note, you agree to pay your premium in either actual cotton or the cash equivalent, on, or any time before the day the note falls due.

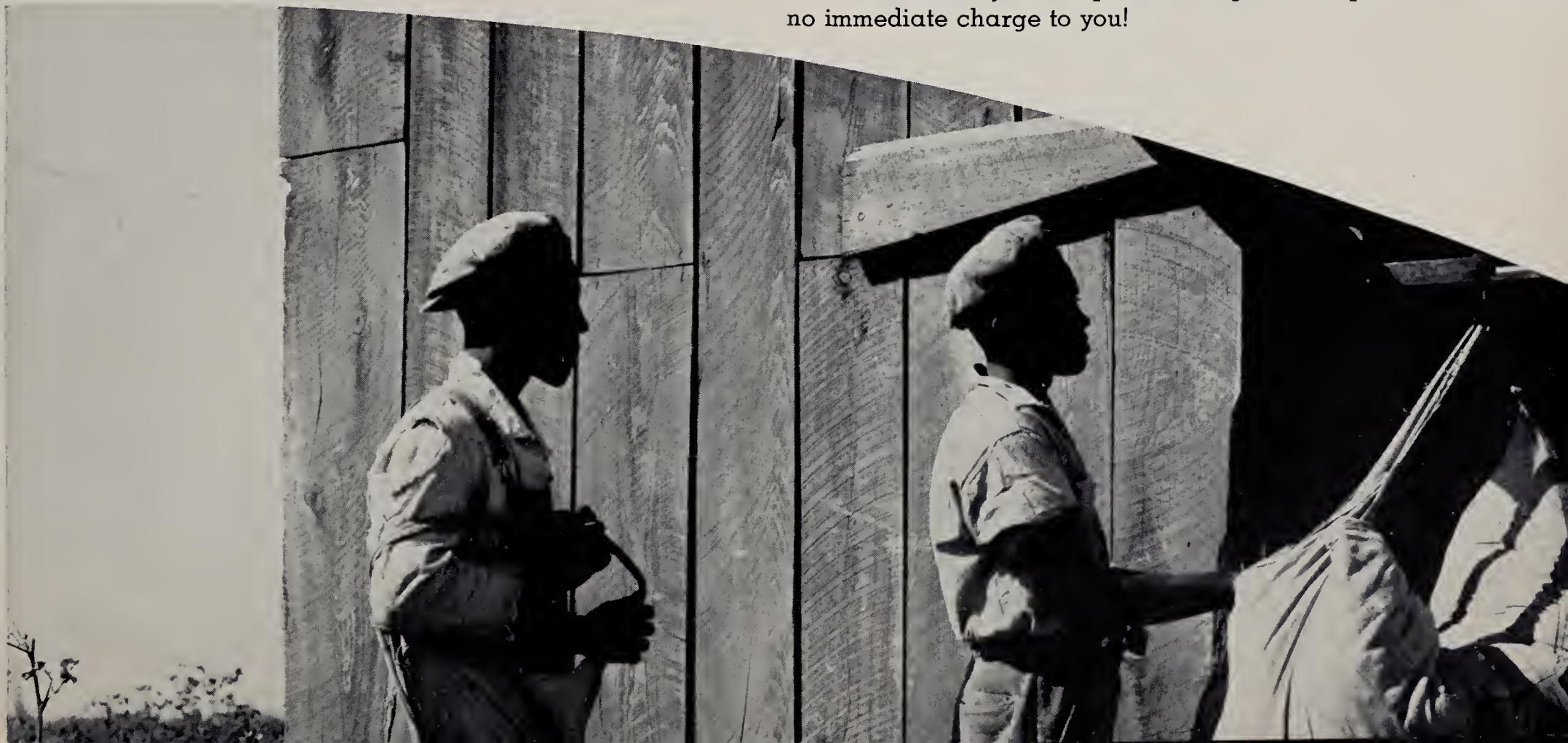


THAT DATE will vary from State to State. Generally, your note will be due and payable about the time cotton usually is picked in your State, or about the time crop losses are usually paid.

If you don't want to pay in either cotton or the cash equivalent, you permit the Corporation to deduct the

amount of the premium from any loss payment you receive. If you receive no loss payment and have not paid the note on or before the day it is due, you allow the Corporation to deduct the amount of the premium from your first farm-program payment, or from the proceeds of any commodity loan.

NO INTEREST is charged on these notes, so your insurance actually will not cost you a penny for months! Yet all that time you are protected against crop loss—at no immediate charge to you!





YOU KNOW from the past, that cotton-crop losses occur every year—from drought, excessive moisture, flood, insects, hail. Such crop failures take place in one part of the cotton belt or another. Almost every cotton farmer has had such experiences at some time during his farming operations. That is why every cotton grower should insure his cotton crop. That is the only way a cotton farmer can guarantee himself, his family, and his creditors, that he will have cotton to sell. There is no other means of protection against all such crop failures except—CROP INSURANCE! It is ALL-RISK insurance!

Even in 1937, when cotton yields were generally the highest in history, thousands of cotton farms produced crops that were below 75 percent of their average yield—the amount they now can be insured for. In Alabama alone, there were counties where from 42 percent to 55 percent of the farms failed to produce 75 percent of their average yield. In Arkansas counties, this percentage reached 49 percent; in Georgia, from 48 to 58 percent; in Mississippi, from 37 to 41 percent.

CROP INSURANCE is part of YOUR farm program. It was made possible when the United States Government created the Federal Crop Insurance Corporation. Capital stock of the Corporation is held by the United States Treasury. Money from the sale of this stock is made available to the Corporation when needed. The Federal Government pays the cost of administering the program. That is why premiums for crop insurance are generally low for the all-risk guarantee you receive. There are no charges for profit, management, or administration in the charge to you for insurance protection.

Farmers themselves direct and supervise the crop insurance program. Farmers in your county figure your yield and rate. They write your application, inspect your farm for losses, make loss adjustments, and aid you in your farm plans for the year.

See your AAA committee NOW about crop insurance on YOUR crop.

The FEDERAL CROP INSURANCE CORPORATION

Agricultural Adjustment Administration

UNITED STATES DEPARTMENT OF AGRICULTURE



UNITED STATES DEPARTMENT OF AGRICULTURE
FEDERAL CROP INSURANCE CORPORATION

WASHINGTON, D. C.

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